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ABSTRACT

The 1990s have brought about many changes in Estonian society, economy, and social sphere that have necessitated reorganization and development of the vocational education and training (VET) system. A shortage of dialog between private enterprises and vocational education institutions has left schools unable to analyze and meet skill requirements of enterprises. Assistance projects involve social partners who are beginning to understand the important role their cooperation with VET can play in changing the system. The Concept of VET lays down these main principles underlying the VET system: functionality, flexibility, cooperation, integration, quality, availability, consistency, relevance, and result-orientation. The centralized management of VET institutions (the majority of which belong to the state) does not allow for quick adaptation to local needs or assessment of increasing interest in VET among local authorities. Most financing comes from the state budget. Finland, Denmark, and Germany are the biggest bilateral donors in the VET area. Challenges are to reorganize the school network; prepare for accession; reform VET; optimize the national network; improve management and financing; monitor the VET system and its links with the labor market; and implement publicity measures and social partnership. (Appendixes include a list of acronyms, glossary, and 22-item bibliography. (YLB)

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ED 445 228

Report on the vocational education and training system

NATIONAL OBSERVATORY COUNTRY REPORT

Estonia

1999

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Vocational education and training as a tool to ensure social and economic cohesion

Estonia
1999

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National Observatory of Estonia
1999

Authors' preface

Notwithstanding frequent government changes, successive administrations have kept Estonia firmly on the road towards a market-based system. Estonia takes pride in having adopted perhaps the most liberal form of market economy in Central and Eastern Europe. It has managed to restructure and stabilise the economy in a remarkably short time and has achieved substantial progress in the liberalisation of prices, in keeping trade free from tariffs and quantitative restrictions and in attracting foreign investment. The move towards an open economic system brings with it significant changes which also impinge on the educational sphere, particularly as far as the skills required by industry and the construction, service and management sectors are concerned.

Since January 1993, the main effort has been directed at reorganising the structures and mechanisms of the vocational education and training system and at developing new and updated legislation. Here, the overall strategy is to align training to labour market needs in cooperation with the social partners while the Law on Vocational Education Institutions, passed in June 1995 and amended in July 1998, aims to foster positive attitudes towards vocational education and training and its development in a changing environment.

Introduction

Executive summary

The 1990s were a very important period in Estonian history and brought about many changes in society, the economy and the social sphere, changes which, in turn, have necessitated the re-organisation and development of the vocational education and training system.

The objective of the vocational education and training system is to prepare workers who are skilled and competitive on both the Estonian and European labour markets.

To meet this objective, the vocational education and training system must be **attractive, flexible, accessible, relevant, fruitful and of high quality**. In order to reach the objective it is necessary to:

- change the mentality and attitudes of the people;
- direct the attention of society, the government and employers to the opportunities that vocational education and training offers;
- support innovation in order to improve the quality of training;
- increase the efficiency of vocational education and training institutions; and
- optimise the use of available resources (teachers, time, financial resources, buildings and equipment).

The results of the first phase of vocational education and training reform, 1995–1999

Legal framework	The Concept of Vocational Education and Training. The Law on Vocational Education Institutions. The General Principles of the Vocational Education and Training Programme.
Cooperation	**At national level**, employers, vocational/professional unions, trade unions, employee associations, higher education institutions and vocational education and training experts all cooperate in the reform effort. **At international level**, there is cooperation in the areas of contemporary programme development, teacher/director training, analysis and upgrading of the technical base and student exchanges. Hairdressers and construction finishers from Estonia won bronze medals in the worldwide skills Olympics (EuroSkills-98).
The national employee qualification system	At the end of 1999, 12 vocational councils had been in the Chamber of Commerce and Industry and 72 vocational standards had been agreed.

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The content of vocational secondary education	A. Vocational secondary education after basic education lasts a total of 120 weeks (1 academic year = 40 weeks). The vocational training component takes up 50% of course time while 50 weeks are devoted to general education subjects. B. Vocational secondary education after general secondary education lasts between 40 and 120 weeks. Vocational training-related components take up 85% of course time while 6 weeks are given over to general education subjects.
Vocational higher education	Vocational higher education lasts from 120 to 160 weeks. Seventy-five per cent of the total programme is devoted to vocational training, including practical training (35%).
Modular study	Training is based on flexible, modular programmes, which allow more choice for students in terms of specialisation and the organisation of their training.
The network of vocational schools	Since 1996, the number of vocational education and training institutions has decreased by eight, while six new vocational education and training centres have been established.
Opportunities and access	There is increased access for adults and people with special needs and state support is available to private vocational education and training institutions.
Students/admission	Student numbers have increased by 25% since 1993.

The main objectives for vocational education and training development in 2000

I. Personnel development

The main objectives in the area of personnel development are:

- the reorganisation of initial and complementary training for teachers and directors;
- the organisation of in-service training in enterprises for vocational teachers;
- the establishment of higher qualification requirements for teachers and directors; and
- the provision of training in enterprises for practical training supervisors.

II. Programme development

The main objectives in programme development are:

- the provision of complementary training for programme developers;
- the preparation of national modular programmes in economy/business, information technology, construction, health care, mechanics and (tele)communication, directed at developing broad-based competencies, so that graduates can avail of re-training or complementary training if they so require; and

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- the creation of the conditions that allow gümnasium students to use the optional subjects in their programme for introductory-level training in vocational education and training in cooperation with the vocational schools in Tallinn, Tartu, Viljandi, Pärnu, Türi, Kuressaare, Võru, Kohtla-Järve and Valga.

III. Reorganisation of the network of vocational schools:

The objectives in this area are:

- to merge vocational schools in Narva, Tartu, Jõgeva County, Pärnu and Tallinn;
- to continue the development of the 6 vocational education and training centres created in 1999; and
- to bring the six vocational schools that are still under the Ministry of Agriculture under the jurisdiction of the Ministry of Education by 1 September 2000.

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1. Political and socio-economic background information

Estonia has made substantial progress towards liberalising its economy, removing trade barriers and stimulating foreign direct investment. Since 1995, the prospects for healthy growth have been good, as is evident, for example, from the restructuring and privatisation programme which was carried out by the Estonian Privatisation Agency (established in 1993 by the merger of two existing agencies - one for large and one for small enterprises). By 1998, privatisation was almost complete and 1,368 enterprises had been sold by auctions for a total purchase price of € 57,222,614. Today, the private sector generates more than 70% of Estonia's GDP. Only a very small number of large companies remain to be privatised and a great number of companies have foreign owners. This, together with high investment rates and access to outside finance, has fostered a real convergence between Estonia's economic structure and that of other industrialised countries. The share of the primary sector in GDP decreased to less than 7% in 1998 and the share of the tertiary sector rose to 61%. However, GDP *per capita* (in PPP) is still only about 40% of the EU average.[1]

Future policy developments are expected to focus, increasingly, on adapting the Estonian economy to becoming competitive in the international market and, eventually, on meeting the requirements of the European Single Market. Policies will include a regional development component, aimed at avoiding a situation whereby certain regions outside the immediate surroundings of major cities are left behind in terms of economic development. While the general objective of economic reform is to improve Estonia's export performance, one specific task is to develop and support more small and medium-sized enterprises by establishing business advisory centres. Trade unions are emerging in Estonia to represent and protect the economic and social interests of workers and to pursue the development of appropriate legislation. Currently, trade unions represent, at most, 20% of the labour force.

1.1 Economic developments

The current situation can best be illustrated by the following information.

- Inflation continues to decrease. In 1995, the expected rate was 20% while the actual rate was 29% and, in 1996, both the expected and actual rate was 23%. The expected rate for 1997 was 15% and the actual rate was 11%. The forecast for 1998 was 9.6% and the actual rate was 8.2%. From 1991 to 1994, Estonia's Gross Domestic Product fell dramatically as a result of the many shocks brought about by the transition to the new economic system. The situation stabilised by the beginning of 1994 with the increase in economic efficiency. 1997 was the most successful for Estonia's economy with the GDP growing by 11.4%. Changes in the external environment, caused by a series of financial crises, resulted in a slow-down in growth rates in the second half of 1998. The real Gross Domestic Product (GDP) growth for 1998 was around 4%.

1 Ministry of Finance, Estonian Economic Development Plan 1999-2003

- 1997 was also the most successful year for manufacturing and growth in the sector was 16.9%. Among the main contributory factors were the financial situation, clarification of the ownership of enterprises, investments made in the earlier years and favourable economic conditions among foreign trade partners. However, Estonian industry was affected by the economic crisis of 1998 and growth in manufacturing was only 2.9% in that year.
- Employment is decreasing in industry and agriculture and increasing in the services sector. The following sectors have been identified as having good employment prospects: 1) the wood industry; 2) the food industry; 3) light industry/textiles; 4) metalwork and mechanical engineering; 5) the chemical industry; and 6) electronics and instrument engineering.
- The official unemployment figures remained quite stable in the period 1996–1998, i.e., unemployed job seekers constituted around 4.5% of the population of working age and around 2.5% received unemployment benefit. In the third quarter of 1997, the official unemployment rate was 10.7% of the population of working age. In March 1998, there were 34,850 registered unemployed job seekers (4.1% of the population of working age) and 20,423 (2.4%) were receiving unemployment benefit[2]. The situation changed dramatically in the second half of 1998. The unemployment rate went up to 11.7% and the number of unemployed rose to 81,000.
- The structure of employment has changed because new enterprises belong mainly to the secondary and tertiary sectors.

Table 1 The most important economic indicators for Estonia[3]

	Dec. 94	Dec. 95	Dec. 96	Dec. 97	Dec. 98
1. Prices					
1.1 consumer price index	1.014	1.020	1.007	1.008	1.001
1.2 producer price index	1.017	1.034	1.003	1.000	0.997
1.3 export price index	1.015	1.052	1.010	1.003	0.994
1.4 real effective exchange rate index (REER) of the Estonian kroon (EEK)	0.983	1.010	0.994	1.000	1.018
2. Foreign trade (million Euro)					
2.1 main export				193.6	197.2
2.2 main import				311.7	247.2
2.3 net balance				-118.1	-50.1
2.4 balance / export				-0.61	-0.25
3. Budget (million Euro)					
3.1 central and municipal budget revenue	54.9	79.9	93.1	118.4	116.0
3.2 central and municipal budget expenditure	76.9	90.4	102.8	141.6	166.9

2 Ministry of Economics, "Majanduse ülevaade. Kevad 98." (Overview of the Economy. Spring 1998.) available at http://www.fin.ee/majandus/ülevaated/kevad98.htm

3 Bulletin of Estonian Bank No 2(33)/1997 & Bulletin of Estonian Bank No.1(24)/1996 & Bulletin of Estonian Bank No.1(47)/1999

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	Dec. 94	Dec. 95	Dec. 96	Dec. 97	Dec. 98
3.3 o/w social welfare	36.4	48.0	51.6	67.7	76.4
3.4 economy	13.2	19.3	18.4	25.3	27.0
3.5 administration	10.1	7.7	11.7	16.4	17.1
4. Population growth					
4.1 births (live)	1053	929	995	929	916
4.2 deaths	1889	1719	1623	1763	1720
4.3 natural increase of the population	-836	-790	-668	-834	-804
5. Number of the unemployed and the unemployment rate					
5.1 number of the registered unemployed (end of month)	12,670	15,604	19,686	18,313	21,729
5.2 total number of unemployed job-seekers per month	34,984	33,903	37,348	30,640	34,462
5.3 registered unemployed (% of the population of working age)	1.51	1.8	2.3	2.1	2.5
5.4 unemployed job-seekers (% of the population of working age)	4.1	4.0	4.3	3.6	4.0
5.5 unemployed job-seekers (% of the employed and job-seekers)	5.1	5.0	5.5	4.6	5.1
6. Real and nominal wages (€ per month)					
6.1 nominal wages (gross)	140.7	204.2	234.6	275.60	
6.2 change compared to the previous month (index)	1.174	1.295	1.164	1.133	
6.3 real wages compared to January 1994	90.6	85.4	118.1	123.5	
6.4 change compared to the previous month (index)	1.385	1.270	1.144	1.124	
7. Disposable income per household member (€)					
7.1 nominal net income	80.9	89.7	108.6	108.6	
7.2 change compared to the previous month (index)	1.181	1.135	1.029	1.029	
7.3 real net income compared to January 1993	43.5	37.5	39.5	39.5	
7.4 change compared to previous month (index)	1.164	1.112	1.022	1.022	

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1.2 *Regional development*

Regional development during the period of transition has been very uneven. The factor that has had the greatest impact on regional development (as well as on overall economic development) is the change from a centrally planned to a market-driven economy and the corresponding changes in society as a whole. This has led to the closing and restructuring of a large number of inefficient companies in all sectors of economic activity. Industries requiring a great deal of energy for production or distribution were particularly affected by the liberalisation of prices for fuel, gas etc. These industries were concentrated in certain geographical areas and the process of restructuring them inevitably influenced structural change and regional development.

Among the major trends in regional development in Estonia are:

- increasing centre-periphery differences in income and employment opportunities;
- a remarkable decrease in employment in regions formerly dominated by agriculture and bigger companies (often focused on single sectors); and
- a transfer of economic activities from the east to the west of the country.

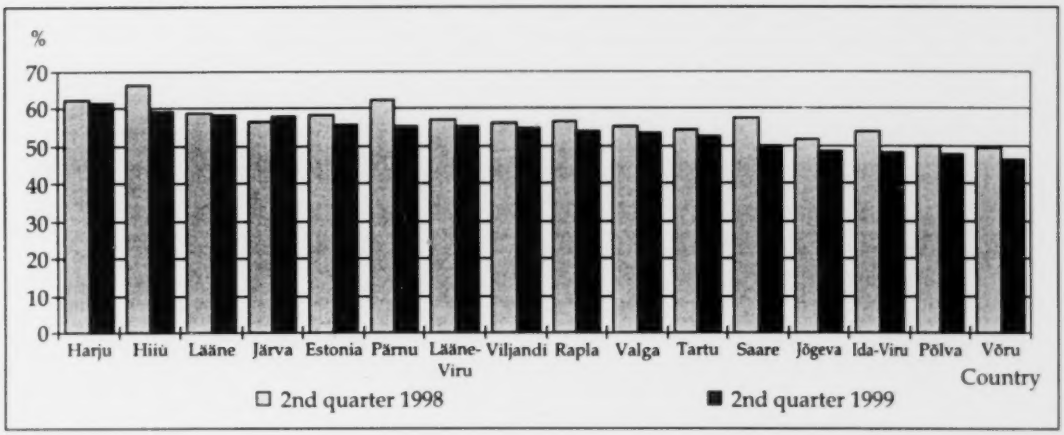
Up to the now, reconversion and recovery efforts have been concentrated, primarily, on urban areas in the western part of the country and Tallinn, mainly because this region is more attractive to trade, tourism and foreign direct investment. At the same time, the eastern part of the country has seen its ties with the Russian markets of St. Petersburg and Pskov partially severed. The economic recession in Russia in 1998 had a significant effect on this region and was particularly devastating for remote rural areas that depend, primarily, on production in large food-processing plants. Higher transport costs to western markets and the low skill levels of workers who chose to remain in these areas are symptomatic of the difficult situation these regions are facing.

In general, job losses in rural areas have resulted in a relative decrease in living standards, an increasing population outflow and dependence on public sector employment and state aid. Job losses in industrial regions have been somewhat less problematic, because of a compensatory increase in tertiary sector employment (except for the Ida-Viru County, where industry is still the dominant sector). General economic activity is higher in the capital region, other urban areas and the western part of the country.

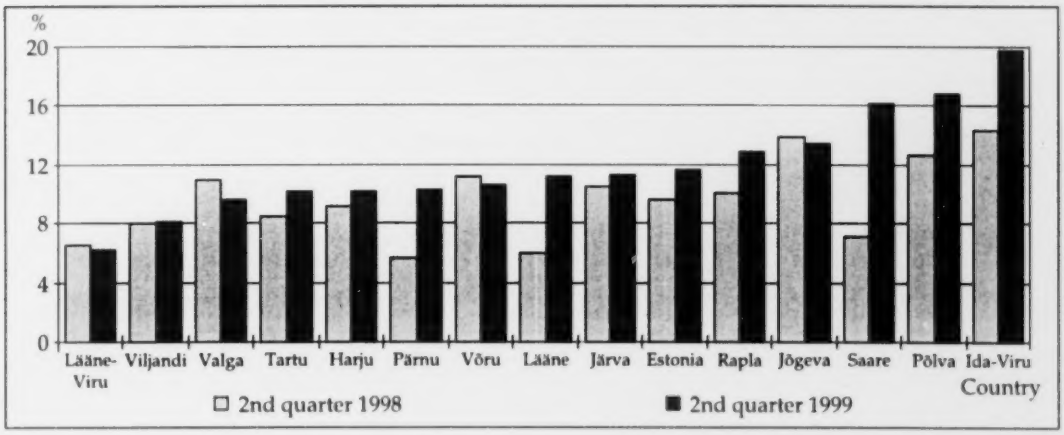
Unemployment is relatively high in the south-eastern regions and longer-term unemployment (more than 12 months) is also increasing in other regions of Estonia. Income levels are highest in the capital area and lowest in the southern and eastern parts of the country.

Although different authorities have taken measures to overcome these difficulties, their activities remain uncoordinated and there is no agreed strategy on regional development. However, the government programme of May 1997 declared that regional policy and measures to promote regional development would be a priority. A working group on this issue was established by the Ministry of Internal Affairs which coordinates the drawing up and financing of regional development plans. Development plans were completed at the end of 1998. Unfortunately, the quality of these plans varies considerably. Counties have not come up with action plans to implement their objectives and little attention has been paid to the issue of human resource development.

Graph 1 Employment rate of the population aged 15-74 by county[4]



Graph 2 Unemployment rate of the population aged 15-74 by county[5]



4 Labour Force Survey 98, 99

5 Labour Force Survey 98, 99

1.3 Demography

Graph 3 Population by gender and age, 1 January 1999[6]

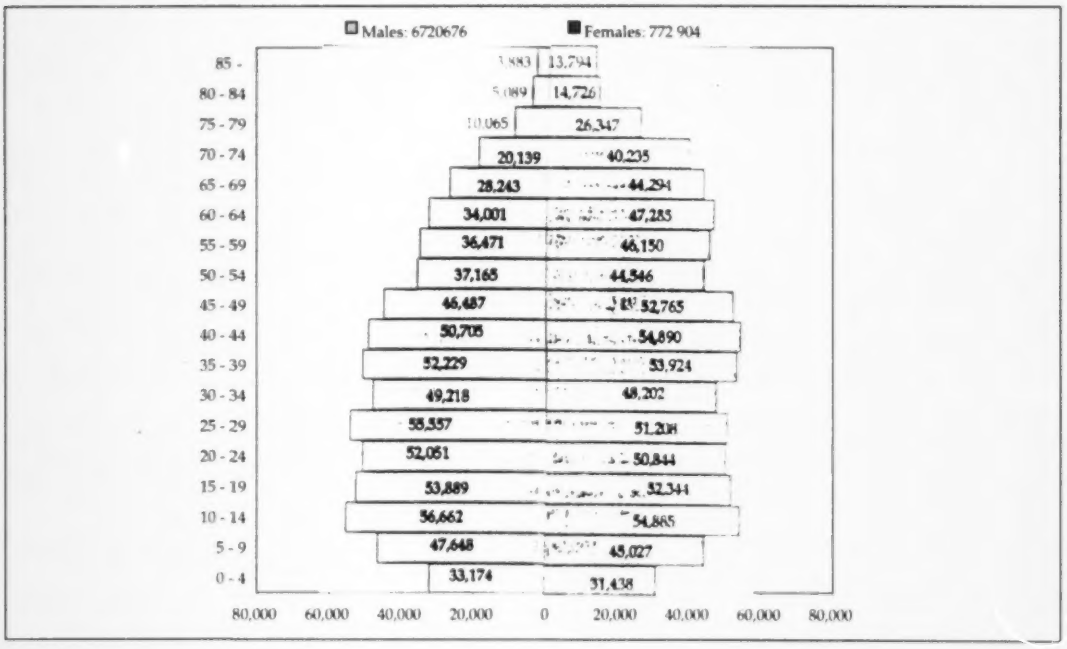


Table 2 Population between 1991 and 1999 (in thousands)[7]

	1989	1991	1992	1993	1994	1995	1996	1997	1998	1999
Resident population at the beginning of year	1565.7	1570.5	1562.2	1526.5	1506.9	1491.6	1476.3	1462.1	1453.8	1445.6
Live birth		19.3	18.0	15.3	14.1	13.6	13.3	12.6	12.3	
Death cases		19.7	20,1	21.2	21.8	20,9	19.0	18.6	19.4	
Natural increase		-0,4	-2.1	-6.1	-8.0	-7.3	-5.7	-6.0	-7.2	
Migration		-8.0	-33.7	-13.8	-7.5	-8.2	-5.7	-2.5	-1.1	
Urban		1121.0	1112.9	1077.4	1058.8	1044.2	1030,0	1021.2	1006.6	999.6
Rural		449.4	449.3	449.1	448.1	447.4	446.3	440,9	447.2	446.0
Estonians	963.3				962.3	957.9	953.5	950,1	946.6	942.5
Russians	474.8				436.6	428.4	420,4	412.6	409.1	406.0
Ukrainians	48.3				40,5	39.6	38.6	37.3	36.9	36.7
Other nationalities	79.3				67.5	65.7	63.8	62.1	61.2	60,4

6 Population age structure, Towns and Counties 01.01.1999

7 Source: Statistical Department, Statistical Yearbook of Estonia 1997, 1998, 1999

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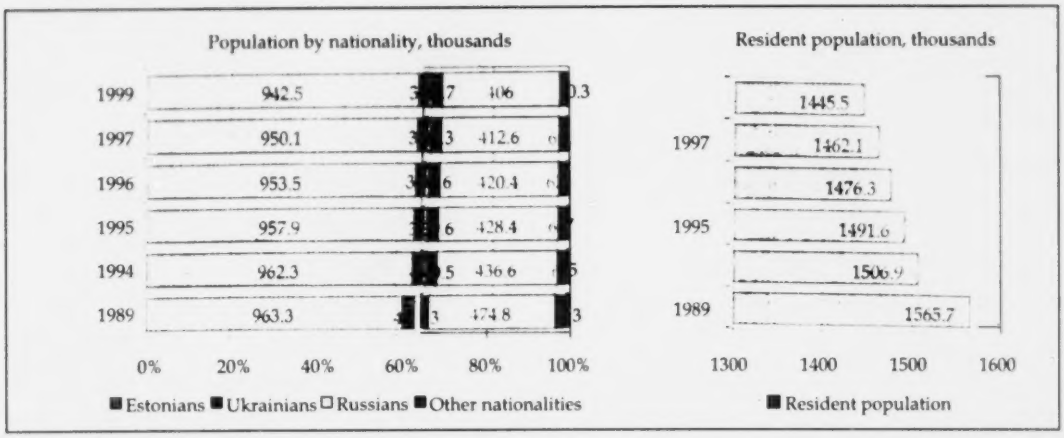
Graph 4 ***Population by nationality and the resident population (in thousands)***



1.4 *Social protection*

Estonia's social protection system includes cash benefits and benefits in kind. Cash benefits currently provided under the Estonian system include: pensions; child benefits (primarily family allowances); sickness; maternity and other leave-related benefits; unemployment compensation; and means-tested income support. Housing support for lower income families constitutes an additional cash benefit, although the household itself does not receive cash, as payment is made directly to the property owner to cover rent and heating expenses over and above a certain share of household income for a specified maximal floor space. The in-kind components of Estonia's social protection system include: job training for the unemployed and other employment services and counselling; and institutional care and material assistance administered through the social welfare offices. The vast majority of benefits are paid on the basis of eligibility criteria. Income is an explicit criterion for eligibility only for social assistance, which includes both housing support and income support.

There have been numerous important government decrees and amendments to the old Soviet laws regarding redundancies, wages, unemployment support and public works. Key legislation adopted over the period includes:

- the Decree on Unemployment and Unemployment Benefits (March 1991);
- the Employment Contract Law (July 1992);
- the Law on the Collective Settlement of Labour Disputes (May 1993);
- the Law on the Representation of Workers (June 1993);
- the Labour Protection Law (July 1993);
- the Law on the Disciplinary Responsibility of Workers (September 1993);
- the Law on Adult Training (November 1993); and the Law Amending Adult Training (16.06.98);
- the Wage Law (March 1994); and
- the Law on the Social Protection of the Unemployed (October 1994).

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Eligibility rules

In order to be eligible for unemployment benefit, an individual must have worked 180 days during the year preceding registration at the employment office. Some groups of applicants are exempt from this work requirement.

To be registered as an unemployed person, the applicant must be at least 16 years of age, be seeking employment and not be engaged in any activity approximating employment.

After being formally employed for about 6 months, one can re-register as unemployed and re-apply for unemployment benefits, income support and a housing allowance.

Duration of benefits

Initially, the maximum duration of unemployment benefits was six months. However, under the 1994 Law on the Social Protection of the Unemployed, all registered unemployed are eligible for a 90-day extension of benefits if they are unable to find work through no fault of their own.

Although the benefits are low (400 EEK since 01.01.1999), there are other incentives to encourage the unemployed to apply for unemployment compensation and to register at employment offices. Chief among these is the fact that those registered as unemployed, as well as those who are in receipt of unemployment compensation, are eligible for social assistance. The unemployed must also be registered in order to be covered by health insurance. In addition, the period of receiving unemployment benefit counts as an active contribution period for old-age insurance purposes.

Training

Those registered as unemployed are offered training free of charge for a period of up to six months, as well as a training stipend. (This stipend is 600 EEK per month since 01.01.1999.) Training falls under two broad categories: vocational training and "labour market preparation" (including, inter alia, job search training).

Employment subsidies

There are two types of subsidy. One takes the form of a lump-sum payment of up to EEK 10,000 (since 01.07.1997) for those starting self-employment. To receive this subsidy, the unemployed person must have his or her business plan approved by a committee of experts. The second is a subsidy provided to employers who employ people from vulnerable groups. Employment office committees, deciding on a case-by-case basis, can grant a subsidy of up to EEK 450 for the first six months and half of the original amount for a further six months.

Public works

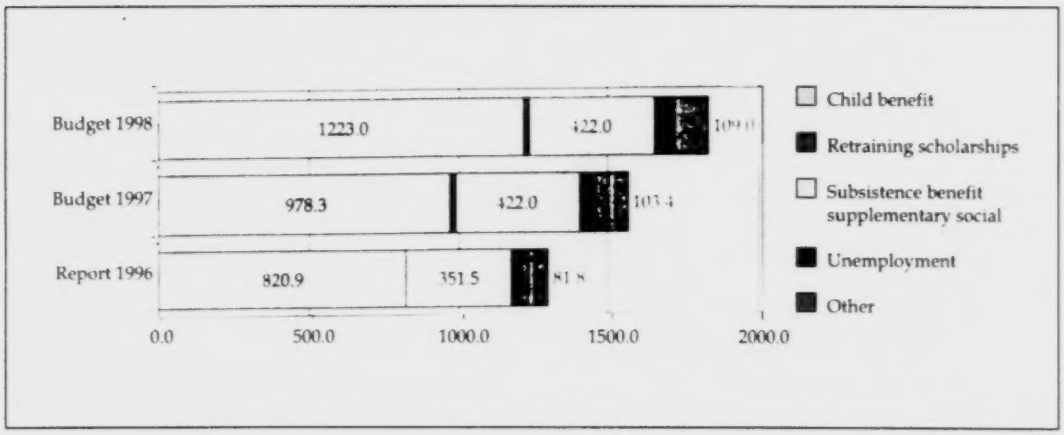
The main areas of activity are the maintenance and repair of roads, cleaning of parks and construction. An agreement must be made between the employer (any business entity) and the Employment Office. Participants continue to receive unemployment compensation in addition to earnings of no less than 5 EEK per hour (paid by either the employer or the Employment Office, if the employer is a unit of local government).

The Estonian Government spent EEK 4.2 billion on social protection programmes in 1995. Table 2 shows the breakdown of social safety net expenditure during the 1996 to 1998 period. The vast majority of cash benefits are paid to specific categories of recipients. Level of income is an explicit criterion for eligibility only for social assistance.

Table 3 ***Expenditure foreseen in the state budget for different benefits in 1996 - 1998, in million EEK[8]***

Kind of benefit	Report 1996	Budget 1997	Budget 1998
Child benefits	820.9	978.3	1,223.0
Subsistence benefit and supplementary social benefit	351.5	422.0	422.0
Unemployment benefits	39.3	55.0	70.0
Retraining scholarship	5.0	5.7	7.7
Other benefits	81.8	103.4	109.0
Total	1,298.5	1,564.4	1,831.7

Graph 5 ***Expenditure foreseen in the state budget for different benefits in 1996 - 1998, in million EEK***



Pensions

In its current form, the Estonian pension system offers four major types of benefit:

- old age pensions;
- survivors' pensions;
- a state allowance (also known as the basic pension); and
- disability pensions.

A social tax equal to 20% of the payroll (levied on employers) provides all the funding for the pension programme.

8 Estonian Ministry of Social Affairs, 1998

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Child benefits

Universal child allowance is paid monthly to all families with children, regardless of income. Benefits have been financed from the state budget since January 1995.

Social assistance

Social assistance includes means-tested income support (the living standard subsidy), housing assistance, institutional care and other benefits and services administered through social welfare offices. While social assistance is funded by both state and local budgets, the vast majority of resources come from the state level.

1.5 Labour market

The labour supply rarely meets the demand of the labour market due to the lack of relevant skills and other factors. There is a mismatch between the skills available and the skills required. There is also a mismatch between the location of vacancies and the location of the unemployed, given that the majority of unemployed people are registered in the rural areas. According to the Statistical Office of Estonia, unemployment in the second quarter of 1999 had already reached 11.7% (in 1998, it was 9.6%), while those registered and receiving benefits represented 2% of the population of working age. In May 1999, there were 44,885 registered unemployed job seekers and, on 1 July 1999, 29,181 of these were registered as unemployed (according to the criteria of Article 5 of the Unemployed Persons Social Protection Act). This represents 3.4% of the population between 16 and pension age. The economic recession in Russia also affected the Estonian economy and resulted in a series of bankruptcies. Unemployment started to increase rapidly in the second half of 1998, as many enterprises, heavily dependent on the Russian market, suffered directly from the recession and had to cut down on production and employment in order to survive.

Table 4 Unemployment from the 3rd quarter of 1996 to the 2nd quarter of 1999

	Total	Male	Female	Age group 15 - 24
3rd quarter 1996	10%	9.9%	10%	19.4%
2nd quarter 1997	10.5%	11.4%	10.2%	17.8%
2nd quarter 1998	9.6%	10.4%	8.6%	14.5%
2nd quarter 1999	11.7%	13.0%	10.2%	21.2%

Source: Labour Force Survey 1997, 1998, 1999

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Table 5 Employment rates by sector (age 15 to pension age)[9]

Sector	1989	1995	1997	1998	1999
Agriculture	20.6%	12.2%	10%	9.5%	8.8%
Service	41.7%	54.5%	56.7%	57.3%	59.4%
Industry	37.7%	33.3%	33.3%	33.2%	31.8%
Total	100%	100%	100%	100%	100%

Graph 6 Employment by sector

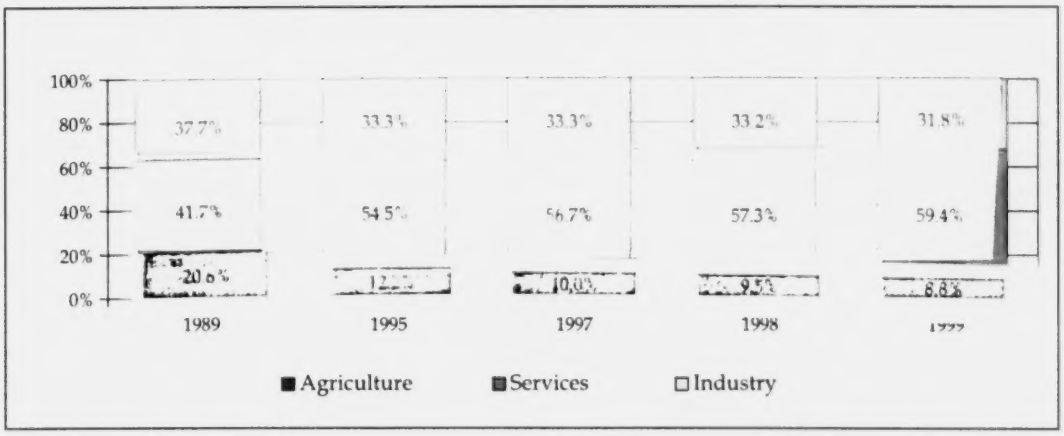

Table 6 Employment by occupation in the 15 - 69 age group (annual average, in thousands)[10]

	1993	1994	1995	1996	1997*	1998*
Legislators, senior officials and managers	86.5	88.3	75.1	74.2	88.9	87.0
Professionals	89.2	83.0	79.1	78.6	71.4	69.5
Technicians and associate professionals	78.1	77.9	88.6	92.3	86.1	85.9
Clerks	38.0	35.4	33.9	32.9	29.5	29.6
Service workers and shop and market sales workers	65.5	71.9	70,4	70,9	70,2	69.5
Skilled agricultural and fishery workers	47.2	44.8	32.5	32.2	30,3	28.9
Craft and related trades workers	144.5	136.3	122.0	118.8	112.1	110,4
Plant and machine operators and assemblers	99.1	91.0	89.7	82.5	86.0	84.1

9 Labour Force Survey 95, 99

10 Estonian Statistical Office "Estonian Statistics" Monthly No.11(83), 1998; No 11(95), 1999

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	1993	1994	1995	1996	1997*	1998*
Elementary occupations	58.4	62.1	62.3	60,5	71.3	72.1
Armed forces	...	...	...	...	...	...
Total	708.1	692.6	656.1	645.6	648.4	640,2

... data not available
**population aged 15-74*

1.5.1 *Interaction between the labour market and vocational education and training*

Although vocational education institutions agree admission levels with local governments, there is uncertainty as to which qualifications should be offered. To date, no mechanisms have been set up to let the Ministry of Education or the schools know what skills are needed by industry. Under the former system, it was the companies, through their manpower planning, that decided which qualifications were required. As there is no market-orientated database system established to replace the command lines of the planned economy, this responsibility is now placed on local government.

The situation is further complicated by the absence of a general government economic plan, which would identify the priority economic sectors for development. This, in turn, would provide the education planners with the necessary basis to plan resources, curriculum, qualifications etc. in the manpower planning area.

A national reclassification of occupations, undertaken by the Ministry of Social Affairs, was published in 1999. However, representatives of industry and entrepreneurs have, as yet, been unable to articulate their skill requirements clearly and in a way that allows the education sectors to respond. (This conclusion is based on the findings of different surveys conducted in 1998 and 1999.) Furthermore, industry lacks the essential methodology to identify training needs on the basis of business plans. As contact with companies has almost ceased, vocational schools find it difficult to identify future qualification demands. Before these recent changes, schools could deliver people who were trained according to defined specifications but now they have to predict which qualification profiles companies will require in the future.

1.5.2 *Employment policies*[11]

Up to now, Phare and bilateral assistance have focused on developing the services of the employment offices and on improving their information system in order to:

- make it possible for all the employment offices in Estonia to exchange information about vacancies, job-seekers and training opportunities;
- establish the basis for collecting data for analysis and statistical purposes;
- establish the basis for distributing information to the public; and
- make it possible to inform employment offices about new legislation, available support etc. in a uniform way and on a permanent basis.

11 Inception Report Technical Assistance to Support the National Labour Market Board in Estonia ES9503.002B(LMB)

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The Ministry and the National Labour Market Board, which is an executive body of the Ministry, now want to refine labour market policy and to further improve and modernise the services offered to employers and job seekers. To this end, assistance was requested in the framework of the 1995 Phare Programme "Technical Assistance to Support The National Labour Market Board In Estonia" to indicate priority needs These have now been identified with respect to the Ministry of Social Affairs and the National Labour Market Board.

At the Ministry of Social Affairs two priorities have been identified:

- more training to improve the capacity for strategic analysis and policy development so that the Ministry can play a more proactive policy role and improve the level and quality of its practical interaction with the National Labour Market Board; and
- enhancement of the analytical capacity of the Ministry so that due emphasis is given to increasing data flows on the labour market and employment, which would enable the Ministry to monitor the activities of the specialist agencies properly.

The priorities identified for the National Labour Market Board are:

- completion of the information system;
- refinement of active employment policies and actions, including training;
- user-friendly presentation of job opportunities and other labour market data with the provision of more modern offices, the introduction of some self-service facilities for clients and a campaign to raise awareness of the National Labour Market Board; and
- improved training for job mediators and in theoretical management and the introduction of better information flows and technical understanding which would address the need to reorient the National Labour Market Board towards changing responsibilities within the maturing labour market and especially towards closer relations with employers.

Conclusions on the achievements and results of this new approach were presented at the final Phare Programme seminar in March 1998. The need to concentrate on employment policy was particularly stressed.

Labour market policy is developed by a small number of staff at the National Labour Market Board but it is only marginally related to other labour or social security issues. Up to the present, the National Labour Market Board has managed the changes on the labour market and the increasing levels of unemployment quite effectively. However, the Ministry, now wants to take back the function of designing labour market policy and market interventions and to have closer cooperation with the National Labour Market Board. In the later phases of the implementation of the Phare Programme, the focus changed to information and data analysis and to improving analytical capacity in order to ensure that the increasing amount of information on the labour market that is available is used in a more effective and efficient way. Even if relevant information is readily available, the main question is how this is used and compared. This needs to be examined and staff needs to be trained on how to analyse data and to organise the flow of information effectively.

Better cooperation between the Ministry of Social Affairs and the National Labour Market Board is still needed. A reorganisation of the National Labour Market Board was to be carried out in 1997. However, the Board was not integrated into the Ministry of Social Affairs. By the end of 1998, the National Labour Market Board had been officially closed but, in reality, it was still operating and a law to amend the Law on Reorganising the National Labour Market Board was being prepared. In autumn 1999, a new director general was appointed in the Ministry of Social Affairs to deal with all labour issues, including the National Labour Market Board, which still continues to operate.

Preparatory work on the National Development Plan commenced in 1999. This represents a significant policy breakthrough. For the first time, the analysis of the labour market situation takes account of the prospects for change in the different sectors and regions. The methods for increasing employment and improving training, introduced in the National Development Plan, must ensure that the economy will move towards growth.

2. The vocational education and training system

2.1 *Modernisation of vocational education and training*

2.1.1 *Previous developments and reasons for change*[12]

Attempts to develop the vocational education and training system during the period when independence was being re-established were insufficient to cope with the rapid changes in Estonian society. In spite of the changes towards democracy and a free market economy, the content of vocational education and training and the methods used were still geared towards the requirements of the old command economy of the Soviet period.

The main weaknesses in today's vocational education and training system are outlined below.

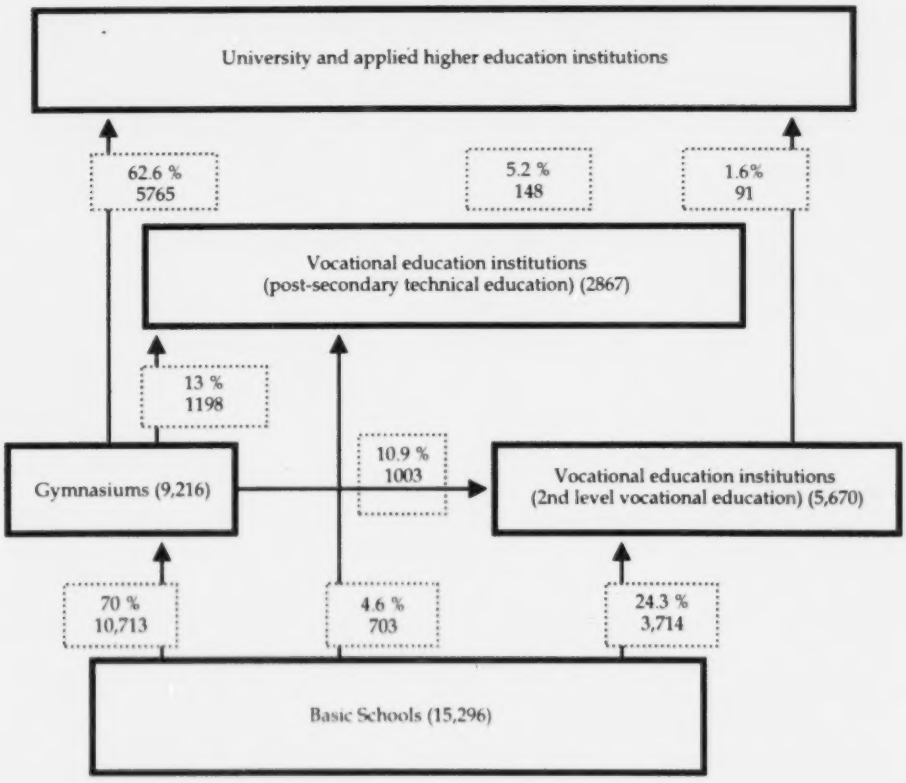
- The extent and level, and the capacity and quantity, of vocational education and training do not correspond to current labour market needs and economic development perspectives; neither do they satisfy employers.
- The qualifications and the attitudes of teachers and trainers are not adequate to meet today's vocational education and training needs.
- Resources are used inefficiently.
- There are no mechanisms in place to forecast skill needs systematically and to make effective use of the information already available from different sources.
- The management of the system of vocational education and training system is highly centralised and inflexible.

Traditionally, vocational education and training has a very low status in Estonian society. In the first few years after independence, the tendency was for increasing numbers of basic school graduates to opt for the general secondary education programme. In 1996 and 1997, approximately 70% of those finishing basic school continued their education in gymnasiums. However, in 1998, the number of young people opting for the vocational education and training route went up slightly to 28.9% in comparison with 26% in 1996 and 25.2% in 1997.

The reason why young people prefer general education to vocational education and training is the unattractiveness of the occupations taught at vocational schools. Interest has also diminished because of the overly long learning period. At the same time, interest in vocational education and training has increased among graduates from gymnasiums. Vocational schools have introduced changes to the programmes offered, but these changes are not sufficient to provide a comprehensive response to changes in the labour market and to enhance the employment prospects of graduates.

12 The Concept of Vocational Education

Graph 7 ***Further studies pursued by graduates from basic day schools and gymnasiums in 1998***[13]



In recent years, vocational schools have not been able to attract young staff, with the result that more than 35% of the teaching staff is aged 50 or older. Teachers who have studied theoretical subjects at university dominate staff numbers. There is a lack of both in-service training opportunities and adequate links with industry to bring programmes more closely to the world of work and to develop vocational education and training for new fields of economic activity. Teachers are neither prepared nor motivated to use modern methods of teaching and learning and to develop programme for new fields.

The Ministry is trying to keep the proportion of the budget allocated to vocational education and training and other educational sub-sectors within the limits that have already been established. However, the current allocations are not sufficient to allow vocational education and training institutions to develop, given the scale of reforms needed and the level of funding they require. Vocational schools depend almost entirely on the state budget, as they are under the direct control of the Ministry.

Vocational education and training actors understand the need for change. Employers, local government and parents have repeatedly expressed their views on the importance of reform. However, the cooperation, sharing of ideas and consensus-building needed to accomplish the changes are sadly lacking. The principles for reorganising the vocational education and training system were laid down in the Concept of Vocational Education approved by the Government of the Republic in January 1998.

13 Ministry of Education, Information and Statistical Division.

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2.1.2 *Further options*[14]

A precondition of economic development is that young people are adequately prepared for both entering the labour market and taking an active part in social life. To achieve this, young people should remain in the education and training system until they reach maturity. In the future, occupations and professions will have to take account of the current requirements, and possible future developments, of the labour market, on the one hand, and general education requirements on the other. During the first years of the twenty-first century, when the reform of the school infrastructure is complete, places in vocational education and training institutions have to be assured for up to 50% of basic school graduates and for up to 50% of graduates from the general secondary education system. A new category of students with higher professional qualifications is expected to emerge following the introduction of new programmes in accordance with the 1998 Law on Higher Professional Education. The option of seeking higher professional qualifications is open to graduates from the secondary vocational education programme.

Given the high quality required of vocational training today and the high costs of providing it, it is essential that vocational education and training institutions produce skilled workers who stand a fair chance in a competitive labour market. Against the background of increasing internationalisation, as well as of Estonia's eventual integration into the European Single Market and the consequent free movement of labour, including people with vocational qualifications, Estonia now considers it important that its future skilled workers learn foreign languages.

There are no legal restrictions on access to education and training for all.

Goals of education

The goals of education are:

- to create the prerequisites and conditions for the development and achievement of individuals in society;
- to prepare individuals for moving into the work environment; and
- through continuing education and training, to ensure that individuals have the ability to adapt to rapid changes and, thus, to contribute to the balanced development of society.

Main objective of vocational education and training

- The purpose of vocational education and training is to enable individuals to develop and adapt to rapid changes in society and to ensure that they have broad-based occupational skills so that they are employable and competitive on the labour market. This will be achieved through training on the basis of a unified system of qualification standards and related to the work environment.

Vocational education and training objectives related to the individual

For the individual, the objectives of vocational education and training are:

- the development of knowledge, skills and standards;
- the development of appropriate values, attitudes and personal characteristics; and
- preparation for changes and for lifelong learning.

14 The Concept of Vocational Education

2.2 Organisation of education and training

The current system of education in Estonia covers: pre-school education in kindergartens; general education in primary and basic schools and gymnasiums (upper secondary general schools); vocational education; and higher education at universities and institutions of applied higher education. There are special basic schools, upper secondary schools and one vocational school for handicapped students.

2.2.1 Description of the education system (types and levels)

Basic education

According to the Law on Education, a child is obliged to attend school if s/he has turned seven by 1 October of the current year. Education is compulsory until the child has graduated from basic school (*Põhikool* - grades 1-9) or s/he reaches the age of 17. The basic level covers categories 1 and 2 of the ISCED classification.

Upper secondary general and vocational education

After graduation from basic school, a young person can decide whether to continue his/her studies at a school offering upper secondary general academic education (*Gümnaasium* - grades 10-12), or a vocational education institution offering secondary vocational education (ISCED 3). Students at the upper secondary level of education (vocational or general) are usually aged between 15 and 19.

Under the current system, different ministries, municipalities and private organisations administer the various institutions which offer vocational education and training programmes. The total number of institutions providing vocational education and training has been around 90 in recent years. Sixty per cent of vocational education and training institutions use Estonian as the language of instruction, while 20% use Russian and 20% use both Estonian and Russian. In recent years, there has been an increasing tendency for graduates of basic schools to continue their education in upper secondary general education institutions instead of vocational education and training institutions. In the 1996/97 academic year, 31,487 students were enrolled in national vocational education institutions. In 1997/98, the number was 31,316 and, in 1998/99, it was 31,190. In 1999/2000, it rose to 34,312[15].

The size and number of classes in vocational schools are regulated by the school programme and approved by the Ministry of Education. Vocational education institutions can offer day classes, evening classes and distance learning. An academic year consists of a minimum of 40 study weeks. School holidays must last at least 8 weeks. Judging from students' application forms, vocational education and training is the least favourite of the options open to them. This has a significant influence on motivation and the quality of learning.

School programmes in both general and vocational upper secondary education should be based on national programmes. National programmes for general education have been completed, while those for vocational education and training are still being developed. Schools are required, or will be required, to develop detailed curricula on the basis of the national programmes.

15 Ministry of Education, Information and Statistical Division (Statistical data for the academic year are reported on 1 October of each year).

Until 1998, there were two distinct curricula in the vocational education and training system, as laid down in the Law on Vocational Education Institutions (July 1995). Students could enter a vocational education and training institution *(Kutseõppeasutus)* after basic school *(Põhikool)* or after upper secondary general school *(Gümnaasium)*. Students entering after basic school could acquire secondary level qualifications after 2–4 years of study (ISCED level 3/3C) and post-secondary level qualifications *(keskeri)* after 4 years of study (ISCED 5/3A). The 4-year post-secondary level programmes after basic school were mostly in the fields of art and music. Upper secondary general school leavers could enter the same programmes and complete them more quickly. They could complete the secondary level programme (ISCED 3/4B) in 1–2 years and the post-secondary level (ISCED 5/5B) in 2.5–3 or more years. In several fields, the students entering vocational education and training after the basic school had the option of completing additional classes in upper secondary general education (ISCED 3/3A). After passing the state examinations in upper secondary general education, these students received the same state examination certificate as graduates from upper secondary general education institutions and were, therefore, eligible to apply to universities *(Ülikool)* and institutes of applied higher education *(Rakenduskõrgkool)*.

The situation has changed since July 1998 when the new Law on Vocational Education Institutions was approved. The new law states that there are two levels in the Estonian vocational education and training system – vocational secondary education *(kutsekeskharidus)* and vocational higher education *(kutsekõrgharidus)*. Admission to vocational education at the secondary level is based on the completion of basic (compulsory) education or upper secondary general education. The length of courses for basic school graduates is a minimum of 3 years (ISCED 3/3B). Upper secondary school graduates can complete this level in less time, 1 – 2 years (ISCED 3/4B). In some fields of secondary vocational education, the prerequisite for entry is general upper secondary education. Only students who have completed either vocational secondary education or general upper secondary education are eligible to apply for vocational higher education (ISCED 5 /5B). Graduates from vocational secondary education institutions who wish to continue their studies at a university (ISCED 6/5A) must pass a state examination which is similar to the one for graduates from upper secondary general education institutions.

National programmes (framework curricula) laying down general requirements will have to be developed for all fields of vocational education and training. These programmes must ensure that students develop initiative, responsibility and general skills such as teamwork, problem-solving, decision-making, critical thinking and communication skills. The choice and scope of general education subjects in the programmes should be based on their relevance to the occupation or specialisation in question.

The national programme for those who have graduated from basic school must ensure that students develop the knowledge, skills, experience and attitudes that will enable them to perform skilled work independently. This can be accomplished by ensuring that they acquire a background in general education and that they develop the ability to apply knowledge and skills in both large and small enterprises. The minimum duration of the programme is 120 study weeks, of which a minimum of 50% must be devoted to occupation-related subjects.

The national programme for those who have graduated from upper secondary general school must ensure that students develop the knowledge, skills, experience and attitudes to enable them to perform complicated skilled work independently. This can be accomplished through an upper secondary general education which fosters maturity and develops the ability to master technological processes and analyses. The duration of the programme is 40-100 study weeks of which a minimum of 85% must be devoted to occupation-related subjects.

Special services are available in larger centres for children with moderate and severe physical and/or intellectual disabilities. For handicapped children, there are special basic schools, upper secondary schools and one vocational school. In addition, handicapped students are increasingly integrated into regular schools which provide special teacher assistance.

New programmes to meet the needs of a national market economy (business management, navigation, aviation, tourism, police and military services etc.) have been introduced.

2.2.2 *Higher education*

Two innovations have been introduced into the system. First, four-year, applied higher education institutions have been introduced at tertiary level as an alternative to the academic stream of universities. Secondly, private educational institutions are now allowed to offer their services as an alternative to public institutions.

In 1996, there were seven universities, six state and one private. There were 20 higher vocational education institutions, twelve of which were private. The number of private institutions is increasing rapidly. Since the 1991/92 academic year, tertiary education has been divided into two branches: universities and other institutions of applied higher education. Institutions of applied higher education have evolved from the former state *Technicums* (post-secondary technical education institutions). In 1995/96, the number of students at higher education establishments, including students at universities and applied higher institutions, and masters and doctoral students was about 29,400. In 1997/98, the number rose to 34,542.[16]

2.3 *Main features of the vocational education and training system*

The radical changes in Estonian society in recent years (democratisation, the collapse of the centralised economy, the emergence of the free market, privatisation and changes on the labour market) have had important implications for the vocational education and training system, which has acquired new and different tasks and responsibilities.

Social dialogue and the industrial relations system

Many new enterprises have been established in the process of the privatisation of the economy. These new enterprises have neither the resources nor the willingness to become involved in training. At the same time, the quality of the work force is required to develop very rapidly. Under the old system, vocational education and training institutions operated on the basis of strict adherence to the norms set by the centre (in Moscow). Now, schools are often not up to their new task of analysing and meeting the skill requirements of enterprises. There is little dialogue between private enterprises and vocational education institutions though some schools have managed to maintain their links with companies. The equipment and facilities in vocational education and training institutions are very poor and do not meet contemporary requirements for preparing a skilled labour force. Moreover, schools have been rather static for a long period and neither in-service training of teachers nor programmes have developed at the same rate as changes in the labour market.

16 Estonian Ministry of Education, Information and Statistics Division

Thanks to different donor projects and programmes, changes have been introduced into the vocational education and training system. However, partnerships between enterprises and vocational education and training are only starting to (re-) emerge. Employers, through their associations, have started to cooperate in the reform of the vocational education and training system at national level (the Phare programme) but Estonia still lacks the legislation that would give the social partners a defined role in vocational education and training reform.

According to the Law on Adult Education, vocational education and training institutions are allowed to provide adult training if they have the capacity to do so. Several vocational education and training institutions are trying to arrange continuing training courses. However, due to limited resources and the fact that teachers lack sufficient practical experience, public schools are often unable to provide the courses required. There are only a few schools where cooperation with bigger companies and/or donors has allowed facilities to be upgraded. These schools are able to provide training at a level required by enterprises.

The development of a national qualification system is helping to improve the situation. The Ministry of Social Affairs delegated this task to the Estonian Chamber of Commerce and Industry. Professional Councils (tripartite trade committees) have been established and have proven to be effective for promoting dialogue between the representatives of enterprises and vocational education and training institutions. Occupational standards, as defined jointly by Council members and experts and endorsed by the Ministries, will provide the basis for programme development in the future.

The role and representativeness of trade unions are also changing. Existing trade unions are weak and, in the first phase of their development, have been more concerned with establishing their identity. Changing the quality of training has not been one of their primary concerns. Trade unions, who represent about 20% of the Estonian workforce deal, primarily, with promoting the basic rights of their members. In this context, they are involved in tripartite negotiations aimed at raising minimum wages. However, trade union interest in vocational education and training has been increasing since they were invited to take part in the work of the Professional Councils.

2.3.1 *Involvement of enterprises*

Vocational education and training has now become an issue of wider interest. Assistance projects are, to an increasing extent, involving the social partners who are beginning to understand the important role their cooperation with vocational education and training actors can play in changing the system.

Various survey results show that employers have relatively little knowledge about today's vocational education and training requirements and that they have a rather negative view of young people who have graduated from vocational education and training institutions. Nevertheless, there is some readiness among employers to cooperate in vocational education and training. Some are prepared to provide practical learning places, provided certain conditions are met. Significant changes must be made to existing programmes. Apart from the necessary theoretical knowledge, the development of certain personal skills and attitudes will become increasingly important for the accomplishment of certain work-related tasks.

With respect to regional (i.e., the counties') development plans, education and training must play a more prominent role. Addressing these issues will provide a key to the economic and social development of the whole region. Local municipalities are showing more interest in vocational education and training. With the new amendment to the law, vocational education and training

institutions will become the responsibility of municipalities. This is seen as a way of encouraging vocational education and training institutions to develop better links with their environment and to contribute to the solution of social problems. Vocational education and training institutions should provide the basis for improving the employment prospects of people in their catchment areas and should, thus, contribute to preventing levels of unemployment from rising.

2.3.2 *Provision of vocational education and training*

Following extensive public debate, the Concept of Vocational Education and Training was approved by the Government of the Republic in January 1998. A significant contribution to the development of this concept came from the Foundation for Vocational Education and Training Reform in Estonia. Many of the principles which were applied to the reform of the 13 pilot schools are reflected in the Concept. Employers have also been involved in the preparation of this document. Another important achievement has been the establishment of the national qualification system which is beginning to take shape. Representatives from both trade unions and employers are involved in the definition of programme requirements (occupational standards).

The current system of vocational education and training is school-based and this has a significant influence on the quality of learning activities.

The existing programmes are oriented primarily towards the provision of theoretical knowledge followed by work practice, initially in school workshops and subsequently, in some instances, in enterprises. The weakest part of the system, which has proved very difficult to deal with, is the organisation of practical work experience. This is due to the level of cooperation of employers, which has been limited to date.

At a seminar held in Tallinn in November 1998 and involving representatives of social partners from Estonia, Latvia and Lithuania, the following points were made with respect to enterprise-based training.

- Enterprises that are interested and able to ensure quality in-company or practical training should be registered and licensed. The process of involving enterprises in research activities could be coordinated by some institution that would also define requirements and choose participants from among the enterprises interested. Training should be based on the highest quality standards.
- As to the organisation of in-company or practical training, standards must be set with regard to the achievements and skills to be acquired during the practical training period. (The areas covered should include preparing practice assignments, monitoring progress on practice assignments and assessing whether the necessary skills have been acquired.)
- In-company or practical training should aim at, and ensure, an increase in occupation-related skills.
- Research should be carried out to identify the elements in need of change. It is important to promote research and development activities on how to ensure better links between the world of work and the world of education and training and to improve teaching methodologies and course content.

Most vocational education and training institutions belong to the state, which has, therefore, a vital role to play in reforming the vocational education and training system.

The principles which underpin the planned reorganisation of vocational education and training in Estonia are outlined in the following section.

2.4 *Adaptation of vocational education and training to labour market and to socio-economic changes*

The main principles underlying the reform of the vocational education and training system are laid down in the Concept of Vocational Education.

When reforming and reorganising the vocational education and training system with a view to adapting it to the needs of the labour market, it is important to start with what the demands on the labour force are now and what they are likely to be in the near future. The Concept of Vocational Education and Training identifies these labour force requirements and the related key concepts in vocational education and training, i.e., functionality, flexibility, cooperation, integration, quality, availability, consistency, relevance and result-orientation.

Functionality

Functionality implies:

- basing the vocational education and training system on the needs arising from the social and economic development in society;
- aligning the content of vocational education and training with the needs of the labour market; and
- ensuring that the organisation of vocational education and training is in line with the rapid changes that are occurring in the labour market.

Flexibility

Flexibility applies to the content and form of vocational education and training, to the organisation of training and to the organisation and orientation of the network of vocational training institutions.

- As far as the content and form of education are concerned, curricula should cater for different levels of vocational education and training, the needs of different target groups, the involvement of both learners and employers and quick responsiveness to the needs of the labour market.
- Training should be organised in such a way as to allow changes to the curriculum, i.e., in the content and sequence of subjects and the duration of courses, to be introduced quickly. Ensuring flexibility with regard to the learning process involves the consideration of the learning opportunities provided and their effectiveness in terms of such factors as:
  - free competition in the education market;
  - teachers' qualifications;
  - basic conditions of teaching/learning;
  - the level of financing; and
  - capabilities of the learners and the needs of the labour market with respect to vocational education and training in general and in specific fields.
- Flexibility in the network of school facilities refers to the regional environment in which the schools operate and the extent to which the general and specific vocational education and training they offer corresponds to the social and economic development needs of the region.

Cooperation

The public and social partners, i.e. employers, employees, local governments and vocational education and training experts (scientists, specialists etc.), should cooperate in:

- defining the content of vocational education;
- designing the network of school facilities and the general and specialised vocational education and training they offer;
- creating conditions for teaching/learning; and
- evaluating results;

Cooperation among teachers/trainer and cooperation between the pilot schools and other schools in the same field should cover such areas as:

- the theoretical parts of the curricula and the themes developed in the pilot schools;
- exchange of students and teachers; and
- curriculum development.

Integration

Integration refers:

- to the content of education, i.e., to the integration of different kinds of education and the integration of different levels of vocational education and training; and
- to forms of education.

Quality

Achieving quality in vocational education and training means ensuring that:

- the level of vocational education and training is such that those who have received training can compete on the labour market;
- vocational education and training takes into account demands arising from rapid changes in society, technology and work organisation, recognises the implications these have for the content of vocational education and training and creates the conditions necessary to meet those demands;
- the output of vocational education and training is evaluated on the basis of a unified system of occupational standards; and
- the progress of vocational education and training is cont iously evaluated, necessary adjustments are made and the vocational education and training system is developed to meet anticipated changes.

Availability

The application of the principle of availability implies that:

- vocational education and training is offered at all educational levels thus assuring a wide range of opportunities;
- opting for vocational education and training is based on the free choice of the person involved;

- individual choice is facilitated by the provision of relevant and realistic information on the options available;
- disabled persons and people with specific needs are given the opportunity to undergo vocational education and training;
- in certain specific or higher professional fields, vocational education and training expertise is imported by the state or opportunities for undergoing training abroad are provided; and
- conditions for integrating the non-Estonian speaking population into Estonian society are created in the vocational education and training system.

Consistency

Consistency means that:

- the entrance level for vocational education and training is determined by the requirements of vocational education and training in general, specific and higher professional fields;
- curricula used at different levels of vocational education and training are broadly similar, at least in terms of content, so that people in different institutions learn the same skills within the same time period; and
- vocational education and training creates conditions for continuous learning by providing complementary training, skills upgrading courses or retraining.

Relevance

Ensuring relevance means recognising that:

- the choice of vocational education and training offered by vocational education and training institutions in specific and higher professional fields should be based on the needs of the labour market, the regions and local governments and should aim at the development of society and the economy;
- the state influences the labour market through legislation and financing mechanisms; and
- the state, employers, local government and individuals all have a contribution to make to the provision of vocational education and training.

Result-orientation

In a result-oriented system:

- vocational qualifications are established by an assessment by both employers and employees on the basis of principles recognised by both;
- the state coordinates and monitors vocational qualifications;
- the national system of vocational qualification standards takes account of the need to develop the economy and society, competitiveness and requirements of the international labour market;
- the learner receives continuous information, feedback and evaluation on the level of the knowledge and skills acquired during training; and
- vocational education and training aims at the international recognition of qualifications which certify the vocational skills acquired.

2.4.1 *Vocational education and training for people with special needs*[17]

Work relating to the training of disabled person is organised, mainly, in specific vocational education and training facilities. These institutions, jointly with the state, local government, relevant organisations (e.g., *Astangu Toimetulekukeskus* – Astangu Rehabilitation Centre) and interested parties are responsible for providing necessary assistance in the form of, for example, specially adapted classrooms and communication aids and for creating the conditions for rehabilitative work. Disabled persons usually receive training in integrated groups. In cases of particular needs, special groups can be, and are, formed. Disabled persons are trained by specialists who have been especially prepared for this task.

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3. Human resources development

3.1 *Continuing training*[18]

Because of the rapid development of technology and new forms of work organisation, the characteristics and conditions of work are constantly changing.

The quality requirements of the world market, the need for greater competitiveness, including competitiveness among SMEs, and the short life cycle of products all give rise to the need for work-related occupational training, continuous learning and wider access to relevant learning opportunities.

Adult education or, more widely, lifelong learning is considered a prerequisite for the development of a democratic society. Lifelong education facilitates greater labour force mobility and can ensure that people do not remain in the same work place and that they can change jobs throughout their lives.

Adult education takes place in vocational education and training institutions, training firms or in courses organised by employers. Vocational training in special and higher professional fields is based on qualification requirements. Training is curriculum-centred and is based on a combination of modules which take the specificity of adult learning into account. Course programmes at all levels are determined by trainers who try to match the learners' knowledge, skills, experience and attitudes with the qualification requirements of the specific level, national/public occupational standards and the overall requirements of national curricula. Resources for providing complementary or continuing training for civil servants and for teachers/trainers in state educational institutions are earmarked in the national budget.

Tasks to be achieved in adult education include:

- ensuring that methodological assistance is available to training providers;
- arranging complementary training for trainers;
- ensuring the mobility of training;
- ensuring the participation of the social partners, especially employers;
- ensuring that education is available to those who desire it;
- creating the conditions for training school drop-outs; and
- ensuring that the prerequisites for access to training for school dropouts and the unemployed are provided by local governments, in cooperation with employers in the regions.

At present, there is no formal training system in place for adults who face changes in their job functions or dismissal. The Ministry of Social Affairs, through the National Labour Market Board, is in charge of developing labour market training schemes, including those for unemployed people. There are no coherent national training policies that cover both initial and adult training. The Law

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on Vocational Education Institutions, which was mentioned above, provides that any vocational school can offer flexible short-term upgrading and retraining courses for adults.

There is one organisation, the Development Centre of the Estonian Association of Adult Educators (ANDRAS) that seeks to promote educational opportunities for the adult population in Estonia.

There are currently no official statistics on continuing vocational training and retraining, but the Estonian Statistical Office intends to publish the results of a special survey on this subject in 1999.

Study opportunities in various fields have increased. Further education courses are available in over half of the vocational education and training institutions and in most of the universities. Since 1992, many private firms providing short-term training courses for adults have been established. The most popular fields are languages and computer training but it is not possible, at present, to give a precise overview of these courses.

Opportunities for adults to receive general education are also improving. There are 21 evening schools with 6,500 students and five of these schools offer secondary school certificates for a number of subjects.

Foreign partners are assisting in the development of pilot professional training centres that aim to use modern teaching/learning methods.

3.2 *Training for managers and administrators*

Most of the available training for managers and administrators is organised by a few private training institutions and is directed at people with a special or higher education background. Some vocational education and training institutions, e.g. the Tallinn School of Commerce, have adapted their business education courses with the assistance of foreign donors. Currently, it is not possible to provide an overview of available management training courses. These courses are usually short-term, lasting from a few days to several weeks.

4. Research on the labour market and vocational education and training

One of the most serious deficiencies of Estonian education policy is that, while it has been quite successful in breaking down the bureaucratic obstacles to local initiatives and adaptation, it has not been able to create new structures to support their development. The National School Board, which existed from 1993 to 1995, was unable to manage vocational education and, because of this, the top management levels in the Ministry did not have adequate information on the performance of vocational education institutions or professional analyses to guide their decision-making. Since 1990, there has been no organisation responsible for vocational education and training research.

Up to the early 1990s, unemployment did not exist in Estonia, so there were no institutions dealing with labour market and employment analysis. Different institutions of the Academy of Science followed the changes taking place in the economy but the first Labour Force Survey was undertaken by the Estonian Statistical Office only in 1995. Since then, the members of the council which undertook the first survey – scientists and officials from different institutions - have monitored the labour market and undertaken employment analyses in the context of different projects. One of these is the very important Employment Policy Review, which was prepared by Mr Raul Eamets from Tartu University in 1998.

The VOT Institute (*Vabariiklik Õpetajate Täiendusinstituut*), which was closed down in 1989, supported the research work of the ÜPUI (the Institute of Voluntary Pedagogical Research), which still exists, but which is also in danger of closure. The PTUI (the Institute of Scientific Research on Pedagogy), renowned for research in the fields of pedagogy and subject methodology, has also been closed down. In March 1993, when the Ministries of Culture and Education were combined and reorganised, research, counselling and evaluation functions were placed in a separate department of the National School Board. This Board was abolished in December 1995 and its activities were taken over by the Ministry for Culture and Education, which was split into two ministries in 1996. In 1993, the Estonian Teacher Training Centre was established and this provided a basis for the National Examination and Qualifications Centre, which was established in January 1997.

ANDRAS is active in research and consultancy work in the field of adult education. Research covers training needs analyses, studies on the prerequisites for regional development, analyses of the cost-efficiency of training, etc.

A scientific research fund to provide grants for suitable research projects has been established in Estonia. However, both awareness of the need for applied research projects in the area of vocational education and training and the state of preparedness of experts in this area are at a very low level.

The first effort to bring vocational education and training researchers in Estonia together was a conference on "Research in Education", which was held in Tallinn in March 1998. The conference was organised by the National Coordination Unit of the European Union's Leonardo da Vinci Programme, together with the Ministry of Education, the Foundation for Vocational Education and Training Reform in Estonia, the National Observatory and the European Training Foundation, Turin, which provided financial support. At this conference, the Ministry of Education's Department of Science expressed the need for coordinated vocational education and training

research in Estonia and its institutionalisation in a centre that would draw together different sources of information and material, undertake analyses and disseminate results. Currently, there are only three research papers available to the Ministry of Education and these only partially cover the area of vocational education and training. Further reports should have been ready in 1999. Experts present at the conference were invited to come up with proposals for research projects. No proposals have been received to date. In order to solve this problem, the Foundation for Vocational Education and Training Reform in Estonia intends to hire a research coordinator whose responsibilities will include the promotion of research projects in the field.

5. Responsible bodies

The Ministry of Education is responsible for the whole area of education: administration, accreditation of institutions and programmes, planning and development of the education system, the development of national, i.e. basic curricula, school inspections, supervision of the awarding of final certificates, and the commissioning of research work.

The Vocational Education and Training Department of the Ministry of Education was re-established when the Ministry was restructured in early 1996. The Department has three structural units: administration, curricula and adult education.

Under the current vocational education and training system, responsibility for institutions offering vocational education and training programmes is spread across several ministries, i.e., the Ministry of Education (61 schools), the Ministry of Agriculture (6) and the Ministry of Social Affairs (1), as well as the National Police Board (1 school), several municipalities (3 schools) and private organisations (15).

Table 7 Number of vocational education institutions and numbers of students in 1992/93 - 1998/99[19]

Year	No./Percent	Ministry of Education	Ministry of Agriculture	Other (incl. Private)	Total
1992/93	Schools	45	12	30	87
	Students	19,527	3,677	7,486	30,690
	% of Total	63.6%	12.0%	24.4%	100%
1993/94	Schools	63	12	8	83
	Students	24,302	3,257	649	28,208
	% of Total	86.2%	11.5%	2.3%	100%
1994/95	Schools	63	13	11	87
	Students	22,684	2,708	2,414	27,806
	% of Total	81.6%	9.7%	8.7%	100%
1995/96	Schools	59	13	13	85
	Students	24,444	3,084	1,910	29,438
	% of Total	83.0%	10.5%	6.5%	100%
1996/97	Schools	60	13	18	91
	Students	24,924	3,374	3,189	31,487
	% of Total	79.2%	10.7%	10.1%	100%

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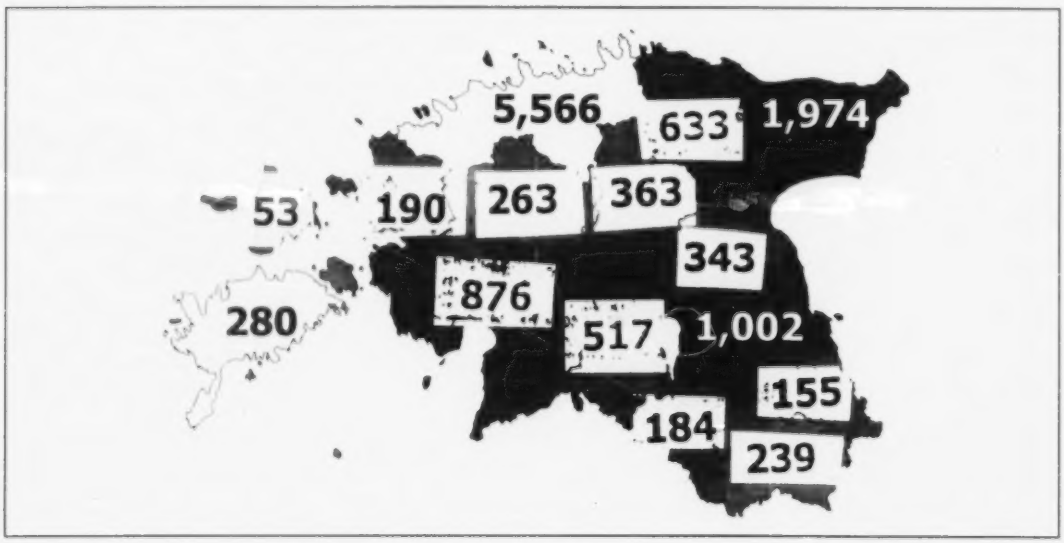
Year	No. / Percent	Ministry of Education	Ministry of Agriculture	Other (incl. Private)	Total
1997/98	Schools	58	13	18	89
	Students	24,846	3,513	2,957	31,316
	% of Total	79.3%	11.2%	9.4%	100%
1998/99	Schools	56	13	20	89
	Students	25,012	3,483	2,695	31,190
	% of Total	80.2%	11.2%	8.6%	100%
1999/00	Schools	61	6	20	87
	Students	29,966	1,704	2,642	34,312
	% of Total	87.3%	5.0%	7.7%	100%

According to the Law on Vocational Education Institutions of 1998, the Ministry of Agriculture will remain responsible for the organisation of education and training in the field of agriculture only until 1 September 2000, when the Ministry of Education will take over responsibility for these schools.

All schools, including those under different sectoral ministries, have to follow national education policies. Decisions of principle are taken or confirmed by the Ministry of Education and the courses on offer are registered and approved according to the rules established by the Ministry.

Labour market training is organised by the National Labour Market Board and the regional (county) employment offices. Training is purchased from different training providers.

Graph 8 ***Numbers of students admitted to vocational education and training institutions by county in the 1998/99 academic year[20]***



20 Estonian Ministry of Education, Information and Statistics Division, 1998

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5.1 Centralisation/decentralisation and common standards

The centralised management of vocational education and training institutions (the majority of vocational education and training institutions belong to the state) does not allow for quick adaptation to local needs or for taking the increasing interest in vocational education and training among local authorities into account. Vocational education and training reforms will have to pay more attention to the sharing of interests and responsibilities between national and local authorities. Some municipalities in Estonia have already demonstrated their interest in the management of vocational education and training. For the time being, there is no consensus on how to start the decentralisation process. Under current procedures, local municipalities are obliged to coordinate school admission plans and programmes. However, their active participation in the development of vocational education and training is developing only very gradually.

The Management Unit of the Phare Vocational Education and Training Reform programme has provided the Vocational Education Department of the Ministry of Education with draft policy guidelines on, amongst other areas, standards and curriculum development and is now concentrating on moving these initiatives on to the legislative phase. This would include the preparation of national guidelines on completing the establishment of occupational competency requirements for all key economic sectors.

The Ministries of Education and of Social Affairs have delegated some responsibility in this area to the Estonian Chamber of Commerce and Industry. Professional Councils, which are composed of representatives of the social partner organisations, i.e., enterprises and trade unions, as well as specialists in the different fields, have been established. The Councils are responsible for analysing skill needs and for defining qualification requirements or occupational standards. Their work will provide a basis for programme development by vocational education and training institutions. The work of the Professional Councils is regulated by Act no. 276 of 15 December 1998.

6. Legislation

The legislation governing vocational education and training is listed below.

- *The Law on Education* (March 1992) is a framework law laying down procedures and defining the scope of future legislation on the development of the education system.
- *The Law on Private Schools* (June 1998) provides for the operation of private schools.
- *The Law on Basic and Upper Secondary Schools* (September 1993) provides for the revision of the content of general education. It represents one of the most significant changes of recent years. Compulsory subjects account for 70%, optional subjects for 20% and "free" subjects for 10% of the secondary general education curriculum.
- *The Law on Adult Education* (November 1993, amended in June 1998) regulates education and training provision for adults. A major achievement of the law has been the establishment of the National Adult Education Council and the approval of its charter (Act no. 250 of 5 November 1998).
- *The Law on Universities* (January 1995) regulates the operation of universities.
- *The Law on Applied Higher Education Institutions* (June 1998) regulates the operation of applied higher education institutions.
- *The Concept of Vocational Education and Training* (January 1998) provides the basis for the development of vocational education and training in Estonia.
- *The Law on Vocational Education Institutions* (June 1995, amended June 1998) regulates the activities of state and municipal vocational education and training institutions and post-secondary technical schools, but not those of private institutions. The law is concerned, primarily, with administration and school management and does not cover such areas as curriculum content and development.

The law defines the concept and meaning of secondary vocational education (*kutsekeskharidus)* and provides for the provision of vocational higher education *(kutsekõrgharidus)*. The amended law ensures the integrated financing of vocational education and training institutions and provides for greater flexibility in the development and implementation of programmes. It also provides for the establishment and membership of Professional Councils. The status and specific tasks of Professional Councils will be laid down in more detail in the *Law on Occupations*, which is currently being prepared. Another important change will be the transfer of responsibility for vocational education and training institutions from the Ministry of Agriculture to the Ministry of Education. This transfer should be completed by 1 September 2000.

Overall, there is still a lack of coordination and inter-ministerial consultation on the different laws regulating the vocational education and the training sector. While initial (school-based) vocational education and training is considered to be the responsibility of the Ministry of Education, the Ministry of Social Affairs is in charge of training for the unemployed. There is little interaction between the two ministries on common issues such as vocational counselling and guidance, specific measures for school drop-outs, continuing training for the employed and unemployed etc.

7. Financing of vocational education and training and continuing training

Education and training in Estonia are financed from several sources. The bulk of funds comes from the state budget and is disbursed at central or local government level. The law provides for schools to receive private funding. However, funding from private sources is still low and no official statistics are currently available on the contributions of private enterprises or individuals to vocational education and training.

In 1998, about 28.2% of the state and local budgets was allocated to education (compared to 26.1% in 1995 and 26.5% in 1996). Local governments pay the salaries of pre-school teachers. The state covers all school maintenance costs and teachers` salaries at institutions of higher education, vocational education institutions and other public schools. Private and municipal schools receive teacher salaries from the state budget on the basis of the number of students taught. Municipal schools receive local government funding for school maintenance costs. At present, there are no tuition fees in public schools or state institutions of higher education. University salaries and maintenance costs come from the state budget and the sums allocated are based on student numbers and calculated coefficient costs. Since 1992, the state has provided loans for students at higher education institutions and for students at vocational education and training institutions who have graduated from a general secondary school (gymnasium). The state finances training only for civil servants and teachers.

In the framework of reorganising the vocational education and training system, the principles underlying the financing of vocational education and training institutions are also changing. With regard to the financing of vocational education, the general rule is that it is students, rather than institutions, who are financed. Current budgets and financing and payment procedures are, however, still too inflexible to give school management more freedom and more room for innovation.

The Development Plan for the Estonian Economy 1998–2002, which was prepared by the Ministry of Finance and approved by the Government of the Republic in December 1998, foresees the establishment of a complementary Training Fund to finance continuous learning.

Vocational education institutions offer a range of services, which interested parties can buy. The latter include:

- national and the local governments, whose interest lies in achieving economic development and reducing unemployment (and social tensions) through the creation of a qualified work force;
- employers who are interested in having qualified non-specialised workers, capable of being integrated into the work process quickly; and
- employees who want higher qualifications and skills in order to acquire job security, higher wages etc.

Society has an interest in keeping young people in the education and training system until they reach the age of maturity. That is why secondary education is financed, mainly, by the state and local government.

Any education or training that starts after the completion of general and/or vocational secondary education or tertiary education is financed completely by the individuals interested in continuing their education and training.

- The state orders education and training from an institution and pays for it on the basis of an agreement. The state also orders and pays for vocational education and training requiring general secondary education and for higher professional education. These types of vocational education and training are financed through the Ministry of Education. In addition, both retraining for the unemployed, financed by the Ministry of Social Affairs, and specific continuing training courses, financed by different ministries, are also provided on the basis of state orders.
- Training can be ordered also by local government. Local government mostly requests secondary level training that requires completed general secondary education. In some cases, adult education and vocational education and training for higher professional levels are provided.
- Employers order mostly specific short-term training but, in some cases, requests are made for training aimed at a certain qualification level, for example, in cases where a new production line is being introduced.
- Employees can order training in their areas of interest and also in cases where the demand for training financed by other sources cannot be satisfied by the available funds.

In the context of current debates on financing vocational education and training on the basis of the number of student places, discussion should focus on ways and means of making vocational education and training financing more efficient. There are two options to be considered in this context.

- Should central authorities decide on the network of vocational schools, the size of schools, the optimal student-teacher ratio which, at the moment, is about 8:1 and teachers' workload, which, at the moment, amounts to 20 45-minute classes per week, before new financing mechanisms are introduced?
- Alternatively, should new financing mechanisms be introduced immediately which, in the short term, would lead inevitably to the closing down of those vocational education institutions that unable to attract sufficient students and are non-competitive?

The first option might be preferable, as it implies a nationally led reform process and is more likely to prevent the exclusion of some young people from the system. It is quite likely that local government authorities or other interested parties may try to keep inefficient and low-quality institutions going. A decision by the Ministry to close down inefficient units would be highly unpopular and would generate resistance on the part of education institutions concerned, particularly if the alleged sub-standard quality of the education on offer could not be clearly documented.

Any agreement on the principles of financing should include a commitment to:

- setting salaries for teachers and trainers at a competitive level so as to ensure the availability of a highly qualified teaching force; and
- reducing the teacher-student ratio to the proposed level of 1:16.

8. Bilateral and multilateral donors' contribution to vocational education and training reform

8.1 *Overview of phare assistance*

The 1994 Phare Vocational Education and Training Reform programme was the first significant multi-lateral aid contribution to system-level reform of vocational education and training in Estonia. The programme had a budget of 3 million ECU and ran until the end of 1998. The overall objective was to improve the present system by producing school leavers who are more suited to the new economic and labour market conditions. To support the vocational education and training reform process at both national and school level, the programme was active in 5 main areas: curriculum development; teacher training; upgrading teaching equipment; partnerships with EU schools; and policy development in vocational education and training. Thirteen pilot schools were involved in the programme.

The Estonian programme made good progress and managed to raise the level of vocational education and training in the selected pilot areas. Government officials and representatives from some social partner organisations were actively involved in the process. As mentioned above, the programme also promoted national policy initiatives. This facilitated discussions on the relevance and context of the education and training system within the economy. Phare programme achievements were evaluated and important conclusions were drawn at the programme's final conference which was held in September 1998. Currently, an ex-post evaluation of the programme is being prepared and this should also come up with recommendations for the implementation of the 1998 Phare follow-up programme, Upgrading the Skills of the Labour Force. This programme started in 1999 and will finish in the year 2001.

In addition, Phare provides assistance through its sectoral programmes, which often have training components. A Phare Cross-border Cooperation programme for the Baltic Sea Region was approved in 1995. This is aimed, mainly, at infrastructural development, environmental protection and includes training components.

8.2 *International support - description of specific actions*

Finland, Denmark and Germany are Estonia's biggest bilateral donors in the vocational education and training area.

From September 1993 until February 1995, the Development of the Estonian Vocational Education System (DEVS) project was carried out by the Estonian National School Board (now closed), and SEL

(the Royal Danish School of Educational Studies for Vocational Teachers) from Denmark. The project's objective was to support "the development of a modern, labour market-oriented vocational education system in Estonia, on the basis of a Danish model adapted to Estonian wishes and needs". The project also included a small-scale development programme for school managers and teachers.

A Danish-Estonian Business Education Reform (BER) programme started in January 1993 and later received substantial funds from the Danish Government. The programme continued in 1996 with Phare support and will run until the end of 1999. It aims at the development of a four-year business education programme at one leading institution and a series of modified shorter 'business line' programmes at eight other (general secondary) institutions.

The most recent projects under the current Phare programme include the development of integrated short-term courses for business managers, business consultancy skills for teachers and distance education modules in business education/management training.

From 1993 until 1997, a pilot project was carried out at Tallinn School of Commerce with German bilateral aid. It aimed at the development of a model training centre in the commercial training area. Two new curricula were introduced, i.e. for commercial training in material management/logistics and in banking. New equipment, including that used for the simulation of real office operations ("Lernbüro"), was procured and teachers were trained in innovative learning methods.

Tallinn Lilleküla Mechanics School benefited from another German pilot project aiming at the establishment of a model training centre in the fields of metallurgy and electronics.

There are numerous, ongoing Finnish projects mainly with one Finnish institution which is twinned with an Estonian institution. These cover such fields as agriculture, forestry and construction, amongst others.

In 1996/97, the Nordic Council carried out a teacher training programme which involved all three Baltic countries.

9. Constraints, challenges and further needs

9.1 *Improving the vocational education and training system*[21]

Vocational standards, which are drawn up as part of a national qualification system, set minimum requirements for the contents of vocational education and training. The aim is to provide employers with the knowledge and skills relevant to the needs of industry and to ensure that trainees are competitive on the labour market.

Vocational standards establish the knowledge, skill and attitude requirements for the different levels in specific vocational fields.

The objective of vocational education and training is to prepare a labour force with knowledge and skills based on nationally agreed vocational standards.

If this objective is to be achieved:

- qualifications (and qualification levels) should be fixed and measurable;
- the measuring system should be universal and comparable;
- retraining and complementary training systems should be flexible and
- there should be sufficient motivation for lifelong education.

The qualification system should be recognised nationally and be internationally comparable. It should take into account:

- the requirements and needs of employers;
- the main trends in, and forecasts for, economic development; and
- priorities in related occupational fields.

In order to do this, it is necessary to:

- define occupations (according to fields);
- define occupational standards, which include job descriptions, standards, levels and criteria for evaluation, and cover both vocational qualifications and levels of qualification, in terms of what is required by employers; and
- create a system to assess, certify and classify occupations.

Definitions of vocational qualifications at certain levels of attainment must be skills/competence-based and measurable. They must describe ways of testing and assessing these skills/competences.

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Achievements reached should be in accordance with the learning goals set by employers. The results of work-based learning in a vocational education facility or elsewhere should also be tested by the employer. It is important to ensure that the teacher or trainer is not the person who administers the tests, although s/he might take part in the evaluation process. In any case, the evaluation should be in line with the goals of the vocational education and training programme.

9.2 *Reorganising the existing school network*[22]

The current network of vocational schools and the subjects taught in them cannot meet current labour market needs. All vocational schools are managed by the Ministry of Education and local authorities have little influence on the types of vocational education and training provided in their regions. Formerly, vocational schools had to fulfil a much wider range of tasks than teaching. Consequently, school premises tend to be very large and include facilities such as technical workshops, heating facilities, residences etc., which should no longer be managed by the schools as it makes their operation very inefficient.

- The objective of reorganising the school network is to raise the quality of vocational education and training, i.e., to ensure the optimal use of the personnel, teaching equipment and funding available with the overall aim of achieving the best possible results.
- When restructuring the school network, demographic considerations and regional development plans should be taken into account.
- Restructuring should be based on current trends in student demand: about 30% of graduates from general schools and about 17% of graduates from secondary schools continue their education at a vocational school.
- The optimal student numbers are considered to be 500 in vocational schools and 1,000 in higher professional education institutions.

After restructuring, there are likely to be two types of vocational education and training institution.

- Vocational education and training institutions offering programmes for occupations needed in the region would be administered by the municipalities and should be flexible enough to react to changing labour market needs.
- Vocational education and training institutions offering programmes of interest to the entire country would be administered by the municipalities or the Ministry and could apply for the status of higher professional education institutions in the future. Along with the restructuring of the vocational school network, training centres will be established by merging different schools and different types of schools in a given region. These regional training centres will provide not only initial vocational education and training, but also adult training courses and career counselling services.

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9.3 Preparation for accession

The establishment of a national qualification system is an important prerequisite for assessing the quality of the training process. Descriptions of qualification requirements and their translation into modular programmes will increase the transparency and recognition of qualifications both nationally and internationally.

Participation in the EU Leonardo programme allows Estonian institutions to position themselves on the international level and gives them the opportunity to exchange experiences with institutions in the EU and other eligible countries, to develop innovative approaches and to introduce them into the Estonian vocational education and training system.

9.4 Specific aspects of the reform process in vocational education and training[23]

9.4.1 Ensuring vocational education and training quality and career perspectives

Vocational education and training at secondary level is based on the traditional educational system and is not very popular among young people who have graduated from basic school.

9.4.2 Buildings and equipment

Radical decisions are required to optimise the use of space, unfinished and deteriorating buildings.

One objective of the Pnare Vocational Education and Training Reform programme was to upgrade equipment in the 13 pilot schools covered by the programme. Each of the schools received up-to-date teaching equipment for implementing the newly developed curricula.

In 1998, the Ministry of Education initiated the Pilot Schools Project and the restructuring of the vocational school network. The Pilot Schools Project can be viewed as a continuation of the Phare Vocational Education and Training Reform programme, as many of the approaches used in the pilot schools will be based on the experience gained in the programme. Curricula, equipment and teacher qualifications in one field of vocational education and training field will be developed in each school, so that, in the future, other schools can consult pilot schools on these areas. The restructuring of the school network aims at optimising available resources, by merging smaller and weaker institutions in the same region and bringing them under one management, while maintaining or increasing the number of training places. Another component of this project is the transfer of responsibility for Ministry of Agriculture schools to the Ministry of Education.

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9.4.3 *Development of occupational profiles and groups*

Under the Phare programme, a modular, industry-based curriculum system was developed. This system has been approved by the Ministry of Education and is implemented in all pilot schools. It involves the development and successful piloting, with the active support of the social partners, of a series of national surveys to identify national occupational competencies in seven occupations. Two sectors have already been surveyed - the construction and tourism sectors. The Estonian Construction Employers Association has formally approved the occupational profiles for the construction sector.

Plans have been made to create Professional Councils for 15 economic sectors. These include:

- **production** (agriculture, mining and energy production, the food industry, light industry, the wood industry, the chemical industry, the glass, ceramics and construction materials industries, the metal industry, machine and precision instrument production and the construction industry); and
- **services** (services, transport, logistics, communications, finance and business services, health care and social work, beauty care and personal services, education, science and culture).

9.4.4 *Standards and Curriculum Development*

The Ministry of Education has produced a draft framework for the development of a national curriculum in vocational education and training. This could be developed into a strategic plan for the entire Estonian vocational education and training system, once it is agreed upon by the Ministry and the social partners.

9.4.5 *Teacher training*

Substantial resources will be needed to upgrade the qualifications of school managers and teachers. The scope and content of both pre-service and in-service teacher training schemes will need to be changed.

9.4.6 *Assessment and certification*

A national system of assessment and certification (accreditation) needs to be established in line with the principles laid down in the Concept of Vocational Education and Training.

9.4.7 *Evaluating effectiveness and efficiency in the provision of vocational education and training*

There is an urgent need to develop, at national level, mechanisms to evaluate the effectiveness and efficiency of vocational education and training provision in order to enable the government to make strategic decisions on the financing of vocational education and training.

9.4.8 *Development of a "vertical" pathway through the vocational education and training system*

The development of a structured educational system is already underway in Estonia. The concept of modular curricula in vocational education and training has been widely discussed but, to date, has had little impact despite the flexibility it offers. Its adaptation and adoption by the education system will be an important step in improving access to education and in allowing for flexibility via a system of credit accumulation and transfer.

9.4.9 *Career counselling and guidance*

There is, currently, no formal career orientation, counselling or guidance system in place in Estonia. However, the Vocational Education Department of the Ministry of Education has hired a young specialist to undertake planning with respect to counselling and guidance needs.

9.5 *Optimising the national network*

The development of the national network should be an intrinsic part of labour market policy.

9.5.1 *Ensuring the current activities and the further development of existing networks*

All the Phare pilot schools have managed to establish extensive and effective networks of contacts with key stakeholders in vocational education and training, i.e. employers, trade unions, schools, higher education institutions, ministries etc. These contacts provide a basis for implementing the Phare follow-up programme under which regional training centres will be established.

9.5.2 *Strengthening the Phare pilot schools network*

Strong support for the programme has been provided by the Ministry of Education. Working contacts with the main actors in vocational education and training - employers, trade unions, schools, higher education institutions and ministries - have been welcomed.

The development of a national industry-based curriculum system has been approved by the Ministry of Education.

9.5.3 *Links between innovative activities and an overall strategy for vocational education and training*

An overall strategy for the reform of the vocational education and training system is not yet in place. The entire system still has to be adapted to the new labour market requirements. The Ministry of Education is currently working on an overall education strategy.

9.5.4 *Establishment of new, or improvement of existing, teacher training and examination centres*

As mentioned above, teacher training facilities providing up-to-date basic training and continuous in-service training for vocational teachers and trainers are needed.

The Ministry of Education has established a National Examination and Qualification Centre. However, the Centre does not, as yet, fulfil its functions in terms of registering occupational standards, commissioning and supervising the development of curricula and modules and accrediting or certifying the qualifications acquired. The Centre could act as a national reference centre for vocational qualifications and could play an important role in connection with the mutual recognition of qualifications on an EU/ international scale.

9.6 *Management and financing*

9.6.1 *Specification of management functions*

The Law on Vocational Education Institutions (June 1995, amended in June 1998) is concerned, largely, with the administrative aspects of school management. This law regulates only the administration of state and municipal vocational education institutions and is not concerned with the principles that underlie vocational education and training or the mechanisms of its provision.

9.6.2 *Improvement of coordination of shared responsibilities in vocational education and training*

The involvement of the social partners in vocational education and training is crucial. Agreement has to be reached with them on common needs and requirements. A first step in this direction was the establishment of the Phare Vocational Education and Training Reform Programme Steering Committee. This included representatives from the following institutions: the Departments of Vocational Education and of the Budget and Planning of the Ministry of Education, the Ministry of Economic Affairs, the Higher Agricultural School of Türi, the Higher Technical School in Tallinn, the Estonian Association of Small and Medium Enterprises, the Tartu Industrial School, the Central Association of Estonian Trade Unions, the Estonian Chamber of Commerce and Industry, the Ministry of Social Affairs and the Association of Estonian Construction Enterprises.

Up to the present, responsibility for vocational education and training has been shared between the different ministries who run vocational schools.

The quarterly newsletter of the Phare Vocational Education and Training Reform programme is circulated among the mass media, interested parties in the education and training field, the government, industry and the commercial sector, youth, parents' and women's organisations and international organisations.

9.6.3 *Increasing the efficiency of financing mechanisms*

In order to increase efficiency, variations in the costs of programmes for different occupations should be examined. Financing mechanisms should become more student-oriented. Financing should become more strategic and should be based on a long-term economic development plan.

Currently, continuing training is financed only for civil servants and teachers.

9.7 *Monitoring the vocational education and training system and its links with the labour market*

According to the Estonian Labour Force Surveys, the situation in the labour market has changed significantly since 1989. Unemployment is a new phenomenon in Estonian society and the situation has also changed for those employed in different economic sectors. The biggest change in employment has occurred in the industrial sector where the number of employed people in the age group from 16 to retirement age has been reduced by 6%. The reason for this change is the collapse of the old economic system.

Another, immediately observable, change has been the emergence of private education and training providers. These offer mostly short-term courses in various occupational fields. The present labour market is the result of spontaneous development rather than targeted interventions by Government authorities.

9.7.1 *Development and elaboration of statistical information*

Indicators are limited as they are based, largely, on statistics from publicly available databases. They do not include participation rates in retraining and in in-service training programmes. Statistics on the latter may be considered incomplete or inaccurate. Quantitative human resource planning data, which were collected by the State Planning Committee during Soviet times, are no longer available. Definitions and methods of gathering statistical data need to be standardised.

Information is not available on training provided or commissioned by private companies for their employees.

9.7.2 *Development and elaboration of joint information systems and regular updating*

Statistical information on vocational education and training has been collected since 1992. Data gathered include details about schools and the programmes offered by them, student numbers and qualification (attainment) levels. During the 1994/95 academic year, a database on all personnel working in vocational schools was completed. Information on all the areas mentioned above will have to be updated with the help of statistics from various sources and integrated in one common database.

9.7.3 *Research on labour market needs and new qualifications, new levels of qualifications etc.*

Developments in the vocational education and training area have not been underpinned by adequate research and pilot projects. To date, there is no special institution dealing with applied vocational education and training research although some work has been undertaken by universities. The many administrative changes introduced during the past decade have also led to the closing down of some central institutions and this has had a negative impact on research and development.

9.8 *Publicity measures and social partnership*

9.8.1 *Improvement of cooperation with the social partners*

Skill needs analyses have, so far, been carried out with the active support of the social partners in the construction and tourism sectors. In addition, national sector surveys, using an agreed methodology, are being piloted in the wood processing and furniture-making sector and were due to be completed in March 1999. These surveys should be extended to other sectors and should help to identify skill requirements for specific occupations.

There is currently no national body on which representatives from key government ministries, social partner organisations, national interest groups, vocational education and training experts and other key stakeholders could cooperate in the development of vocational education and training.

9.8.2 *Improvement of public information measures on the reform of vocational education and training*

During the implementation phase of the Phare Vocational Education and Training Reform programme, a wide range of public relations initiatives was undertaken. These included a regular newsletter, the organisation of national and regional events to provide information on the progress of the reform, attendance at the Estonian Education and Training Fair, TEEVIT and the commissioning of a TV programme on the issue. There is a need to continue these kinds of activities.

List of acronyms and abbreviations

ANDRAS	Development Centre of the Estonian Association of Adult Educators
BER	Danish-Estonian Business Education Reform
DEVS	Development of the Estonian Vocational Education System
ECU	European Currency Unit
EEK	Estonian currency *kroon*
EU	European Union
ETF	European Training Foundation
GDP	Gross Domestic Product
ISCED	International Standard Classification of Education
NLMB	National Labour Market Board
MOSA	Ministry of Social Affairs
PTUI	The Institute of Scientific Research of Pedagogy
SEL	Royal Danish School of Educational Studies for Vocational Teachers
SMEs	Small and Medium-sized Enterprises
VET	Vocational Education and Training
VOT	National Teacher Complementary Training Institute
ÜPUI	The Institute of Voluntary Pedagogical Research

Glossary of terms

Haridusseadus	The Law on Education
Kutseõppeasutuse seadus	The Law on Vocational Education Institutions
Täiskasvanuhariiduse seadus	The Law on Adult Education
Rakenduskõrgkooli seadus	The Law on Applied Higher Education Institutions
Põhikooli- ja gümnaasiumi-seadus	The Law on Basic Schools and Gymnasiums
Kutsenõukogu	Vocational Council
Kutseseadus	The Law on Occupations
Põhikool	Basic school, grades 1–9, general, compulsory education
Gümnaasium	Gymnasium/secondary school = general upper secondary education institution, grades 10 – 12
Kutseõppeasutus	Vocational education and training institution
Ülikool	University
Rakenduskõrgkool	Applied higher education institution
Kutsekeskharidus	Vocational secondary education
Kutsekõrgharidus	Vocational higher education (entry prerequisite is completed secondary education, either vocational or general, either in a vocational education institution or a gymnasium)
keskeri haridus	Post-secondary technical education. Up to 1998 and in accordance with the Law on Vocational Education Institutions (July 1995), students could acquire post-secondary technical education lasting 4–5 years (ISCED 5 /*3A*) after basic education and 2.5–3 or more years (ISCED 5 /*5B*) after secondary general education.
Consumer price index	Data from the State Statistical Office on the changes in consumer prices in a given period as compared to an earlier period.
Producer price index	Data from the State Statistical Office on changes in the price of industrial products manufactured in Estonia in a given period as compared to an earlier period. The prices do not include VAT or excise tax.
Export price index	Data from the State Statistical Office on changes in the free on board prices of export goods in a given period as compared to an earlier period.
Real effective exchange rate	The index of the *kroon* describes changes in the exchange rate of the Estonian *kroon* against the currencies of Estonian's nine major trade partners and changes in the Estonian consumer prices in comparison with changes in the consumer prices of these trade partners. The index is based on the structure of Estonia's foreign trade turnover.

Officially registered unemployed	The unemployed who have been registered as unemployed at the National Labour Market Board in accordance with Article 5 of the Law on the Social Security of the Unemployed.
Unemployed job-seekers	The registered unemployed and other persons without a job who have contacted the employment offices or some other labour market service in search of a job.
Nominal wage	Average gross monthly wage per worker according to the data of the Ministry of Social Affairs.
Real wage	Nominal wage adjusted with the consumer price index against some earlier period.
Nominal net income	Monthly average income per household member in the form of monetary income received either in cash or through bank transfers based on a sample study.
Real net income	Nominal net income adjusted with the consumer price index against some earlier period.

Major organisations

Adult Education Council
Development Centre of the Estonian Association of Adult Educators (ANDRAS)
Estonian Association of Employers and Industry
Estonian Association of Construction Enterprises
Estonian Chamber of Commerce and Industry
Estonian Examination and Qualification Centre
Estonian Institute of Future Studies
Estonian Labour Market Board
Estonian Ministry of Economic Affairs
Estonian Ministry of Education
Estonian Ministry of Finance
Estonian Ministry of Internal Affairs
Estonian Ministry of Social Affairs
Estonian National Observatory
Estonian Statistical Office
Estonian Teacher Training Centre
European Training Foundation
Foundation for Vocational Education and Training Reform in Estonia

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